

DECLASSIFIED
Authority NN 969046
By NC NARA Date 5/7/02

NP, NSC, CF, ME, DRAM,
BOX 601, Vol. II,
6/1/70-12/70.

NATIONAL SECURITY COUNCIL

May 7, 1970

MEMORANDUM FOR PETER FLANIGAN

FROM: Harold H. Saunders *Hal*
SUBJECT: Iranian Consortium Settlement

You may have noted in the New York Times or from other sources that the Iranians and the oil Consortium have reached a satisfactory settlement. In case not, I want to be sure you see Ambassador MacArthur's report. According to him, the terms of the settlement include:

--The Consortium will try to achieve total revenues for Iran of \$1,030 million this year.

--In addition, the companies will make an initial advance of \$90 million and will advance another \$40-45 million later if necessary. Iran, however, by the end of the year will pay back last year's advance of \$83 million.

--The French Company agreed to provide an unspecified amount of oil directly to the Iranians to market themselves.

--The companies will try to find a loan for Iran of \$100 million from European banks before the end of May.

Despite some tense moments, this year's settlement was accomplished without the melodrama and extreme tensions of some past negotiations and we can be thankful for that. Ambassador MacArthur feels that this was in part due to the fact that the Iranians acted in a more responsible and realistic manner this year. The companies, however, also worked in a more flexible manner this year to bridge the gap between their capabilities and Iran's requirements. I would like to think that this was due to your efforts with them.

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E.O. 12958, as amended
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I just wanted to be sure you saw this report since you may want to indicate to your contacts your satisfaction with the results. But as you know, we will have the same problem next year and it might be helpful to add a note of hope that they will be prepared to act with comparable flexibility next year.

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